



**Auditor of State
Betty Montgomery**

**CITY OF GIRARD
TRUMBULL COUNTY**

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Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS

Members of Council
City of Girard
100 West Main Street
Girard, Ohio 44420

We have audited the accompanying general-purpose financial statements of the City of Girard, Trumbull County, Ohio (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ambulance billing collections reported in the Capital Projects Fund Type are processed by a service organization that is independent of the City of Girard. The service organization did not provide us with evidence we requested regarding the design and proper operation of its internal controls relative to the processing of the City's ambulance billing transactions. We were unable to perform procedures to satisfy ourselves as to the proper processing of ambulance run bills. The ambulance billings represent 100% of the charges for services revenue reflected in the Capital Projects Fund Type for the year ended December 31, 2002.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to satisfy ourselves regarding ambulance billing revenue as discussed in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Girard, Trumbull County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As described in Note 1 to the financial statements, the City has been declared to be in fiscal emergency under criteria established by Ohio Revised Code Chapter 118. This condition raises substantial doubt about the City's ability to continue as a going concern. Management's plans in regard to this matter are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Districts, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 25, 2003

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City of Girard, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
Assets				
Equity in Pooled Cash and Cash and Cash Equivalents	\$0	\$1,087,099	\$36,328	\$68,676
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	561,451	430,873	59,718	0
Accounts	21,102	15,217	0	19,977
Interfund	0	0	0	1,329,445
Accrued Interest	1,378	0	0	0
Intergovernmental Receivable	203,103	876,504	0	10,871
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation Notes Payable	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<i>Total Assets and Other Debits</i>	\$787,034	\$2,409,693	\$96,046	\$1,428,969

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$1,443,173	\$0	\$5,156	\$0	\$0	\$2,640,432
0	0	28,509	0	0	28,509
0	0	0	0	0	1,052,042
532,491	0	0	0	0	588,787
0	0	0	0	0	1,329,445
0	0	0	0	0	1,378
0	0	0	0	0	1,090,478
13,914,023	0	0	9,245,583	0	23,159,606
0	0	0	0	78,323	78,323
0	0	0	0	7,820,047	7,820,047
<u>\$15,889,687</u>	<u>\$0</u>	<u>\$33,665</u>	<u>\$9,245,583</u>	<u>\$7,898,370</u>	<u>\$37,789,047</u>

(continued)

City of Girard, Ohio
Combined Balance Sheet
All Fund Types and Account Groups (continued)
December 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$4,895	\$41,283	\$0	\$15,493
Interfund Payable	1,329,445	0	0	0
Accrued Wages and Benefits	85,534	13,633	0	3,864
Compensated Absences Payable	15,254	1,868	0	0
Intergovernmental Payable	56,209	7,305	0	524
Deferred Revenue	533,405	1,157,851	17,723	0
Undistributed Monies	0	0	0	0
Accrued Interest Payable	0	0	0	479
Loans Payable	0	0	0	18,571
Claims Payable	0	0	0	0
Fire and Police Pension Liability	0	0	0	0
Capital Leases Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
OPWC Loans Payable	0	0	0	0
	2,024,742	1,221,940	17,723	38,931
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	2,988	3,973	0	400
Unreserved, Undesignated (Deficit)	(1,240,696)	1,183,780	78,323	1,389,638
	(1,237,708)	1,187,753	78,323	1,390,038
Total Liabilities, Fund Equity and Other Credits	\$787,034	\$2,409,693	\$96,046	\$1,428,969

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$131,279	\$0	\$0	\$0	\$0	\$192,950
0	0	0	0	0	1,329,445
21,901	0	0	0	0	124,932
186,859	0	0	0	690,717	894,698
35,759	0	0	0	139,489	239,286
0	0	0	0	0	1,708,979
0	0	28,509	0	0	28,509
0	0	0	0	0	479
0	0	0	0	6,505,464	6,524,035
0	20,310	0	0	0	20,310
0	0	0	0	300,857	300,857
72,773	0	0	0	120,028	192,801
4,519,146	0	0	0	0	4,519,146
0	0	0	0	141,815	141,815
<u>4,967,717</u>	<u>20,310</u>	<u>28,509</u>	<u>0</u>	<u>7,898,370</u>	<u>16,218,242</u>
0	0	0	9,245,583	0	9,245,583
1,043,104	0	0	0	0	1,043,104
9,878,866	(20,310)	0	0	0	9,858,556
0	0	0	0	0	7,361
0	0	5,156	0	0	1,416,201
<u>10,921,970</u>	<u>(20,310)</u>	<u>5,156</u>	<u>9,245,583</u>	<u>0</u>	<u>21,570,805</u>
<u>\$15,889,687</u>	<u>\$0</u>	<u>\$33,665</u>	<u>\$9,245,583</u>	<u>\$7,898,370</u>	<u>\$37,789,047</u>

City of Girard, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Similar Trust Fund
For The Year Ended December 31, 2002*

	Governmental	
	General	Special Revenue
Revenues		
Municipal Income Tax	\$2,720,610	\$43,824
Property and Other Taxes	235,877	388,963
Charges for Services	140,788	70,644
Licenses, Permits and Fees	734,080	42,249
Fines and Forfeitures	0	171,123
Intergovernmental	1,304,336	1,187,713
Interest	41,114	0
Contributions and Donations	0	8,481
Other	53,874	31,718
	<u>5,230,679</u>	<u>1,944,715</u>
<i>Total Revenues</i>		
Expenditures		
Current:		
General Government	1,724,910	22,040
Security of Persons and Property	2,611,237	53,723
Public Health and Welfare	11,291	100,311
Transportation	43,858	692,293
Community Environment	0	636,029
Basic Utility Services	0	295,131
Leisure Time Activities	32,857	77,934
Capital Outlay	0	0
Debt Service:		
Principal Retirement	20,776	19,437
Interest and Fiscal Charges	1,018	13,399
	<u>4,445,947</u>	<u>1,910,297</u>
<i>Total Expenditures</i>		
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>784,732</u>	<u>34,418</u>
Other Financing Sources (Uses)		
Operating Transfers In	0	114,265
Operating Transfers Out	(114,265)	0
	<u>(114,265)</u>	<u>114,265</u>
<i>Total Other Financing Sources (Uses)</i>		
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>670,467</u>	<u>148,683</u>
<i>Fund Balances (Deficit) Beginning of Year (Restated - Note 3)</i>	<u>(1,908,175)</u>	<u>1,039,070</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,237,708)</u>	<u>\$1,187,753</u>

See accompanying notes to the general purpose financial statements

Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$445,564	\$0	\$0	\$3,209,998
0	0	0	624,840
0	0	0	211,432
0	120,395	0	896,724
0	0	0	171,123
0	607,141	0	3,099,190
0	0	25	41,139
0	0	0	8,481
801	0	0	86,393
<u>446,365</u>	<u>727,536</u>	<u>25</u>	<u>8,349,320</u>
0	0	0	1,746,950
0	0	0	2,664,960
0	0	0	111,602
0	0	0	736,151
0	0	204	636,233
0	0	0	295,131
0	0	0	110,791
0	763,255	0	763,255
159,855	196,961	0	397,029
250,142	12,790	0	277,349
<u>409,997</u>	<u>973,006</u>	<u>204</u>	<u>7,739,451</u>
<u>36,368</u>	<u>(245,470)</u>	<u>(179)</u>	<u>609,869</u>
0	0	0	114,265
0	0	0	(114,265)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
36,368	(245,470)	(179)	609,869
41,955	1,635,508	5,335	813,693
<u>\$78,323</u>	<u>\$1,390,038</u>	<u>\$5,156</u>	<u>\$1,423,562</u>

City of Girard, Ohio
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Similar Trust Fund
For The Year Ended December 31, 2002*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Tax	\$2,635,654	\$2,720,425	\$84,771
Property and Other Taxes	239,514	235,877	(3,637)
Charges for Services	87,000	140,746	53,746
Licenses, Permits and Fees	1,044,844	713,020	(331,824)
Fines and Forfeitures	0	0	0
Intergovernmental	1,154,421	1,330,278	175,857
Interest	25,000	40,477	15,477
Contributions and Donations	0	0	0
Other	30,833	53,874	23,041
<i>Total Revenues</i>	<u>5,217,266</u>	<u>5,234,697</u>	<u>17,431</u>
Expenditures			
Current:			
General Government	1,789,856	1,765,493	24,363
Security of Persons and Property	2,648,899	2,648,899	0
Public Health and Welfare	7,875	7,875	0
Transportation	44,830	44,830	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	37,348	32,857	4,491
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>4,528,808</u>	<u>4,499,954</u>	<u>28,854</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	688,458	734,743	46,285
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	(115,796)	(114,265)	1,531
<i>Total Other Financing Sources (Uses)</i>	<u>(115,796)</u>	<u>(114,265)</u>	<u>1,531</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	572,662	620,478	47,816
<i>Fund Balances (Deficit) Beginning of Year</i>	(1,956,740)	(1,956,740)	0
Prior Year Encumbrances Appropriated	3,570	3,570	0
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,380,508)</u>	<u>(\$1,332,692)</u>	<u>\$47,816</u>

Special Revenue Funds			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$43,822	\$43,822	\$0	\$446,400	\$445,524	(\$876)
382,836	380,846	(1,990)	0	0	0
45,700	68,499	22,799	0	0	0
31,295	42,472	11,177	0	0	0
200,000	184,717	(15,283)	0	0	0
1,454,953	1,118,097	(336,856)	0	0	0
0	0	0	0	0	0
4,000	8,481	4,481	0	0	0
18,860	31,718	12,858	0	801	801
<u>2,181,466</u>	<u>1,878,652</u>	<u>(302,814)</u>	<u>446,400</u>	<u>446,325</u>	<u>(75)</u>
28,282	21,120	7,162	0	0	0
70,998	70,896	102	0	0	0
107,707	101,990	5,717	0	0	0
910,588	708,522	202,066	0	0	0
924,958	627,049	297,909	0	0	0
325,980	294,523	31,457	0	0	0
81,896	79,759	2,137	0	0	0
0	0	0	0	0	0
0	0	0	159,855	159,855	0
0	0	0	286,545	250,142	36,403
<u>2,450,409</u>	<u>1,903,859</u>	<u>546,550</u>	<u>446,400</u>	<u>409,997</u>	<u>36,403</u>
(268,943)	(25,207)	243,736	0	36,328	36,328
114,265	114,265	0	0	0	0
0	0	0	0	0	0
<u>114,265</u>	<u>114,265</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(154,678)	89,058	243,736	0	36,328	36,328
984,636	984,636	0	0	0	0
9,432	9,432	0	0	0	0
<u>\$839,390</u>	<u>\$1,083,126</u>	<u>\$243,736</u>	<u>\$0</u>	<u>\$36,328</u>	<u>\$36,328</u>

(continued)

City of Girard, Ohio
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Similar Trust Fund (continued)
For The Year Ended December 31, 2002*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Tax	\$0	\$0	\$0
Property and Other Taxes	0	0	0
Charges for Services	0	0	0
Licenses, Permits and Fees	90,000	100,418	10,418
Fines and Forfeitures	0	0	0
Intergovernmental	469,000	651,065	182,065
Interest	0	0	0
Contributions and Donations	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>559,000</u>	<u>751,483</u>	<u>192,483</u>
Expenditures			
Current:			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Basic Utility Services	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	919,138	851,215	67,923
Debt Service:			
Principal Retirement	112,881	112,881	0
Interest and Fiscal Charges	1,488	1,488	0
<i>Total Expenditures</i>	<u>1,033,507</u>	<u>965,584</u>	<u>67,923</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(474,507)	(214,101)	260,406
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(474,507)	(214,101)	260,406
<i>Fund Balances (Deficit) Beginning of Year</i>	1,609,077	1,609,077	0
Prior Year Encumbrances Appropriated	<u>2,745</u>	<u>2,745</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,137,315</u>	<u>\$1,397,721</u>	<u>\$260,406</u>

See accompanying notes to the general financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,125,876	\$3,209,771	\$83,895
0	0	0	622,350	616,723	(5,627)
0	0	0	132,700	209,245	76,545
0	0	0	1,166,139	855,910	(310,229)
0	0	0	200,000	184,717	(15,283)
0	0	0	3,078,374	3,099,440	21,066
90	25	(65)	25,090	40,502	15,412
0	0	0	4,000	8,481	4,481
0	0	0	49,693	86,393	36,700
90	25	(65)	8,404,222	8,311,182	(93,040)
0	0	0	1,818,138	1,786,613	31,525
0	0	0	2,719,897	2,719,795	102
0	0	0	115,582	109,865	5,717
0	0	0	955,418	753,352	202,066
190	204	(14)	925,148	627,253	297,895
0	0	0	325,980	294,523	31,457
0	0	0	119,244	112,616	6,628
0	0	0	919,138	851,215	67,923
0	0	0	272,736	272,736	0
0	0	0	288,033	251,630	36,403
190	204	(14)	8,459,314	7,779,598	679,716
(100)	(179)	(79)	(55,092)	531,584	586,676
0	0	0	114,265	114,265	0
0	0	0	(115,796)	(114,265)	1,531
0	0	0	(1,531)	0	1,531
(100)	(179)	(79)	(56,623)	531,584	588,207
5,335	5,335	0	642,308	642,308	0
0	0	0	15,747	15,747	0
<u>\$5,235</u>	<u>\$5,156</u>	<u>(\$79)</u>	<u>\$601,432</u>	<u>\$1,189,639</u>	<u>\$588,207</u>

City of Girard, Ohio
*Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For The Year Ended December 31, 2002*

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues			
Charges for Services	\$3,391,801	\$868,851	\$4,260,652
Rentals	115,765	0	115,765
<i>Total Operating Revenues</i>	<u>3,507,566</u>	<u>868,851</u>	<u>4,376,417</u>
Operating Expenses			
Personal Services	1,120,703	0	1,120,703
Contractual Services	800,671	0	800,671
Claims	0	839,676	839,676
Materials and Supplies	665,602	0	665,602
Depreciation	63,309	0	63,309
Other	6,324	0	6,324
<i>Total Operating Expenses</i>	<u>2,656,609</u>	<u>839,676</u>	<u>3,496,285</u>
<i>Operating Income</i>	850,957	29,175	880,132
Non-Operating Expenses			
Interest and Fiscal Charges	<u>(202,363)</u>	<u>0</u>	<u>(202,363)</u>
<i>Net Income</i>	648,594	29,175	677,769
<i>Retained Earnings (Deficit) Beginning of Year (Restated - Note 3)</i>	<u>9,230,272</u>	<u>(49,485)</u>	<u>9,180,787</u>
<i>Retained Earnings (Deficit) End of Year</i>	9,878,866	(20,310)	9,858,556
<i>Contributed Capital at Beginning and End of Year</i>	<u>1,043,104</u>	<u>0</u>	<u>1,043,104</u>
<i>Total Fund Equity (Deficit) End of Year</i>	<u>\$10,921,970</u>	<u>(\$20,310)</u>	<u>\$10,901,660</u>

See accompanying notes to the general purpose financial statements

City of Girard, Ohio
*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For The Year Ended December 31, 2002*

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Charges for Services	\$3,552,157	\$3,794,171	\$242,014
Rentals	150,000	115,765	(34,235)
<i>Total Revenues</i>	<u>3,702,157</u>	<u>3,909,936</u>	<u>207,779</u>
Expenses			
Current:			
Personal Services	1,236,084	1,142,407	93,677
Contractual Services	865,997	810,062	55,935
Claims	0	0	0
Materials and Supplies	760,846	754,941	5,905
Other	30,000	6,324	23,676
Capital Outlay	17,429	17,429	0
Debt Service:			
Principal Retirement	311,492	196,417	115,075
Interest and Fiscal Charges	399,891	196,516	203,375
<i>Total Expenses</i>	<u>3,621,739</u>	<u>3,124,096</u>	<u>497,643</u>
<i>Excess of Revenues Over Expenses</i>	80,418	785,840	705,422
<i>Fund Equity Beginning of Year</i>	583,935	583,935	0
<i>Prior Year Encumbrances Appropriated</i>	<u>42,359</u>	<u>42,359</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$706,712</u></u>	<u><u>\$1,412,134</u></u>	<u><u>\$705,422</u></u>

(continued)

City of Girard, Ohio
*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types (continued)
For The Year Ended December 31, 2002*

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$907,000	\$868,851	(\$38,149)
Rentals	0	0	0
<i>Total Revenues</i>	907,000	868,851	(38,149)
Expenses			
Current:			
Personal Services	0	0	0
Contractual Services	0	0	0
Claims	907,000	868,851	38,149
Materials and Supplies	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenses</i>	907,000	868,851	38,149
<i>Excess of Revenues Over Expenses</i>	0	0	0
<i>Fund Equity Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	0	0	0
<i>Fund Equity End of Year</i>	\$0	\$0	\$0

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$4,459,157	\$4,663,022	\$203,865
<u>150,000</u>	<u>115,765</u>	<u>(34,235)</u>
<u>4,609,157</u>	<u>4,778,787</u>	<u>169,630</u>
1,236,084	1,142,407	93,677
865,997	810,062	55,935
907,000	868,851	38,149
760,846	754,941	5,905
30,000	6,324	23,676
17,429	17,429	0
311,492	196,417	115,075
<u>399,891</u>	<u>196,516</u>	<u>203,375</u>
<u>4,528,739</u>	<u>3,992,947</u>	<u>535,792</u>
80,418	785,840	705,422
583,935	583,935	0
<u>42,359</u>	<u>42,359</u>	<u>0</u>
<u>\$706,712</u>	<u>\$1,412,134</u>	<u>\$705,422</u>

City of Girard, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types
For The Year Ended December 31, 2002

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$3,909,936	\$0	\$3,909,936
Cash Received from Quasi-External Transactions with Other Funds	0	868,851	868,851
Cash Payments to Suppliers for Goods and Services	(708,856)	0	(708,856)
Cash Payments for Contractual Services	(804,215)	0	(804,215)
Cash Payments for Employee Services and Benefits	(1,115,368)	0	(1,115,368)
Cash Payments for Claims	0	(868,851)	(868,851)
Other Cash Payments	(6,324)	0	(6,324)
<i>Net Cash Provided by Operating Activities</i>	<u>1,275,173</u>	<u>0</u>	<u>1,275,173</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Fixed Assets	(17,429)	0	(17,429)
Principal Payments - OWDA Loans	(196,417)	0	(196,417)
Interest Payments - OWDA Loans	(196,516)	0	(196,516)
Principal Payments - Capital Lease	(42,085)	0	(42,085)
Interest Payments - Capital Lease	(5,847)	0	(5,847)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(458,294)</u>	<u>0</u>	<u>(458,294)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	816,879	0	816,879
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>626,294</u>	<u>0</u>	<u>626,294</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,443,173</u></u>	<u><u>\$0</u></u>	<u><u>\$1,443,173</u></u>

(continued)

City of Girard, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types (continued)
For The Year Ended December 31, 2002

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
<i>Operating Income</i>	\$850,957	\$29,175	\$880,132
<i>Adjustments:</i>			
Depreciation	63,309	0	63,309
Increase to Accounts Receivable	402,373	0	402,373
Increase/(Decrease) in Liabilities:			
Accounts Payable	(8,258)	0	(8,258)
Contracts Payable	(35,760)	0	(35,760)
Accrued Wages and Benefits	895	0	895
Compensated Absences Payable	16,757	0	16,757
Intergovernmental Payable	(15,100)	0	(15,100)
Claims Payable	0	(29,175)	(29,175)
Total Adjustments	424,216	(29,175)	395,041
<i>Net Cash Provided by Operating Activities</i>	<u>\$1,275,173</u>	<u>\$0</u>	<u>\$1,275,173</u>

See accompanying notes to the general purpose financial statements

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City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

Note 1 - Reporting Entity and Basis of Presentation

The City of Girard (the "City") was incorporated under the laws of the State of Ohio in 1922. The City operates under a Mayor-Council form of government. The Mayor is elected for a four-year term and Council members are elected at large for two year staggered terms.

On August 8, 2001, the Auditor of State's office declared the City of Girard to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor of the City, Council President, three financial consultants from various corporations and/or organizations and two representatives from the State of Ohio. This Commission approved a financial recovery plan which had been adopted by the City, and the plan must be updated annually. Once the plan has been adopted, the City's discretion is limited in that all financial activity of the City must be in accordance with the plan.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Girard, this includes police protection, fire fighting and prevention, street maintenance and repairs, building inspection and wastewater treatment. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The Girard City School District has been excluded from the reporting entity because the City is not financially accountable for this organization nor does the City approve the budget, the levying of taxes or the issuance of debt for this organization.

The City participates in the Eastgate Development and Transportation Agency and the Emergency Management Agency, both jointly governed organizations. These organizations are presented in Note 19 of the general purpose financial statements.

B. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories: governmental, proprietary and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund The debt service fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs and special assessments long-term debt principal, interest and related costs.

Capital Projects Funds These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Fund Types These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the City's fiduciary fund types:

Expendable Trust Fund This fund is accounted for in essentially the same manner as governmental funds.

Agency Funds These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group accounts for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group This account group accounts for all unmatured long-term indebtedness of the City that is not a specific liability of proprietary funds.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenues – Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty-one days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the exchange on which the tax is imposed takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when the use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state–levied locally shared taxes, interest, grants, fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department.

Tax Budget At the first Council meeting in July, the Mayor presents the annual operating budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications passed by Council during the year.

Encumbrances As part of formal budgetary control, purchases orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

C. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The capital improvements and municipal court computer capital projects funds made an advance to the general fund to eliminate the general fund's negative cash balance. The general fund has the interfund payable for the amount of the advance received from the capital improvements and municipal court computer capital projects funds which have an interfund receivable for the same amount on the combined balance sheet.

During 2002, investments were limited to nonnegotiable certificates of deposit and repurchase agreements, reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2002 amounted to \$41,114, which includes \$41,114 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with an original maturity of three months or less and cash and investments in the cash management pool are considered to be cash equivalents. Investments with an original maturity of more than three months not purchased from the pool are reported as investments.

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

D. Inventory

Inventories of governmental funds are stated at cost while the inventory of the proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Since the inventory balances at December 31, 2002 were not significant, no amounts were reported on the combined balance sheet.

E. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

F. Fixed Assets

General fixed assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental type funds and capitalized (recorded and accounted for) in the general fixed assets account group. Infrastructure fixed assets such as streets, storm sewers and drains, and traffic signals and signs are not capitalized by the City and are not reported as part of the general fixed assets account group.

Fixed assets utilized in the proprietary funds are capitalized in these funds.

Fixed asset values were initially determined at December 31, 1996, by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not practicably determinable, estimated historical costs were developed. For certain fixed assets, the estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated. The City maintains a capitalization threshold of one thousand dollars.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Depreciation of buildings, equipment, vehicles and water and sewer lines in the proprietary fund types is computed using the straight-line method over the following useful lives:

Buildings	15 - 45 years
Equipment	3 - 20 years
Vehicles	5 years
Water and Sewer Lines	50 years

Interest is capitalized on proprietary fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

G. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources. However, claims, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are considered not to have been made with current expendable available financial resources. Long-term loans and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. The amount is based on the sick leave accumulated and employee's wage rates at December 31, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

I. Contributed Capital

Contributed capital represents resources provided to the enterprise funds prior to 2001, from other funds, other governments and private sources that are not subject to repayment. Capital contributions received after 2000 are reported as revenue on the operating statement and included in retained earnings.

J. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds prior to 2001. Fund balance reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Fund balances are reserved for encumbrances.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

L. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 3 – Restatement of Fund Balance/Retained Earnings

The City had the following adjustments to beginning fund balance/retained earnings:

	General	Special Revenue	Debt Service
Fund Balance as Previously Reported	(\$2,057,107)	\$1,040,235	\$35,812
(Overstatement) Understatement of Taxes Receivable	(4,105)	(1,165)	6,143
Overstatement of Interfund Payable	194,471	0	0
Fund Reclassification	(41,434)	0	0
Restated Balance December 31, 2001	<u>(\$1,908,175)</u>	<u>\$1,039,070</u>	<u>\$41,955</u>

At December 31, 2001, the enterprise fund retained earnings decreased \$194,471 from \$9,424,743 to \$9,230,272 due to an overstatement in interfund receivable.

The general long-term obligations account group assets and liabilities decreased \$5,000 from \$8,375,303 to \$8,370,303 at December 31, 2002. This was due to a decrease in capital leases payable.

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual -All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a relevant comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP).
4. Unrecorded cash, which consists of unrecorded interest, is not reported by the City on the operating statements (budget), but is reported on the GAAP basis operating statements.
5. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheets transactions (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Similar Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$670,467	\$148,683	\$36,368	(\$245,470)	(\$179)
Net Adjustment for Revenue Accruals	3,759	(66,063)	(40)	23,947	0
Unrecorded Cash	259	0	0	0	0
Net Adjustment for Expenditure Accruals	(51,019)	10,411	0	7,822	0
Encumbrances	(2,988)	(3,973)	0	(400)	0
Budget Basis	<u>\$620,478</u>	<u>\$89,058</u>	<u>\$36,328</u>	<u>(\$214,101)</u>	<u>(\$179)</u>

Net Income/Excess of Revenues Over Expenses
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$648,594	\$29,175
Net Adjustment for Revenue Accruals	402,370	0
Net Adjustment for Expense Accruals	(83,548)	(29,175)
Principal Retirement	(196,417)	0
Capital Outlay	(17,429)	0
Depreciation	63,309	0
Encumbrances	(31,039)	0
Budget Basis	<u>\$785,840</u>	<u>\$0</u>

Note 5 - Accountability and Compliance

A. Fund Deficits

The general fund had a deficit fund balance of \$1,237,708 as of December 31, 2002. This deficit is caused by expenditures exceeding revenues and by the recognition of expenditures on the modified accrual basis of accounting. The City is making a concerted effort to reduce expenditures.

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

B. Legal Compliance

The memorial trust expendable trust fund had expenditures plus encumbrances in excess of appropriations in the amount of \$14 contrary to Section 5705.41, Ohio Revised Code.

In order to eliminate the budgetary violations, appropriations will be monitored more closely.

The budgetary financial statements reflect amounts that ordinarily would result in noncompliance citations under Revised Code Chapter 5705. Since the City is in fiscal emergency, however, its financial operations are restricted by the provisions of Chapter 118 rather than Chapter 5705. Citations to Chapter 5705 are therefore presented only for funds which did not contribute to the City being placed in fiscal emergency.

Note 6 - Deposits and Investments

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the auditor by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year-end, the carrying amount of the City's deposits was \$1,446,263 and the bank balance was \$2,868,436. \$300,000 of the bank balance was covered by federal depository insurance. \$2,568,436 was uninsured and uncollateralized. The deposits were secured by pooled collateral held by the financial institution in the financial institution's name. All statutory requirements for the deposit of money had been followed. Non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments Investments are classified under the guidelines of GASB Statement No. 3 into three categories. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name. The City's only investment was a repurchase agreement under category 3 with a carrying/fair value of \$1,222,678.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust funds and Governmental Entities that Use Proprietary Fund Accounting."

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

A reconciliation between the classification of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,668,941	\$0
Investments which are part of a Cash Management Pool: Repurchase Agreement	(1,222,678)	1,222,678
GASB Statement No. 3	\$1,446,263	\$1,222,678

Note 7 - Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2002 for real and public utility property taxes represents collections of 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) is for 2002 taxes.

2002 real property taxes are levied after October 1, 2002 on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after October 1, 2002, and collected in 2003 real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001 on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2002, was \$7.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Real Property	\$108,326,860
Public Utility Property	5,924,560
Tangible Personal Property	13,693,570
Total Valuation	\$127,944,990

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Girard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002 and for which is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2002 operations. The receivable is offset by deferred revenue.

Note 8 - Receivables

Receivables at December 31, 2002, primarily consisted of accounts (billings for user charged services including unbilled utility services), interfund, intergovernmental receivables arising from grants, entitlements and shared revenues and interest on investments. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund:	
Local Government	\$163,046
Estate Tax	25,196
Homestead and Rollback	14,861
<i>Total General Fund</i>	203,103
Special Revenue Funds:	
Street Construction, Maintenance and Repair	333,426
Community Development Block Grant	236,100
CHIPS	190,291
Street Permissive	67,037
State Highway	27,034
Garbage	17,400
Fire Pension	1,956
Police Pension	1,956
Cemetery	1,304
<i>Total Special Revenue Funds</i>	876,504
Capital Project Funds:	
Municipal Court Computer	6,335
Capital Improvements	4,536
<i>Total Capital Project Funds</i>	10,871
Total All Funds	\$1,090,478

Note 9 - Income Tax

The City levies a municipal income tax of 2 percent on gross salaries, wages and other personal service compensation earned by residents of the City and on the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a credit up to two percent for taxes paid to other municipalities.

City of Girard, Ohio
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For The Year Ended December 31, 2002

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures, are credited to the following funds: 81.2 percent to the general fund, 1.0 percent to the recreation special revenue fund and 17.8 percent to the bond retirement debt service fund.

Note 10 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2002.

B. Litigation

The City is a party to legal proceedings seeking damages. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 11 - Fixed Assets

A summary of the enterprise fund's fixed assets as of December 31, 2002, follows:

Land and Improvements	\$4,187,169
Buildings	9,584,971
Equipment	191,330
Vehicles	118,561
Water and Sewer Lines	<u>929,653</u>
Total	15,011,684
Less: Accumulated Depreciation	<u>(1,097,661)</u>
Net Fixed Assets	<u><u>\$13,914,023</u></u>

A summary of changes in general fixed assets follows:

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
Land and Improvements	\$1,059,033	\$0	\$0	\$1,059,033
Buildings	4,832,023	0	0	4,832,023
Equipment	1,877,641	29,404	0	1,907,045
Vehicles	1,419,889	31,343	3,750	1,447,482
Total	<u>\$9,188,586</u>	<u>\$60,747</u>	<u>\$3,750</u>	<u>\$9,245,583</u>

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

Note 12 – Fund Obligation

Changes in the City's loan activity for the year ended December 31, 2002, were as follows:

	Outstanding January 1, 2002	Additions	Deductions	Outstanding December 31, 2002
Capital Improvement 5.34% Matures July 7, 2004	\$27,856	\$0	\$9,285	\$18,571

The loan is backed by the full faith and credit of the City paid from the capital projects fund with intergovernmental and fee revenues. The loan liability is reflected in the capital projects fund, the fund which received the proceeds.

Year	Amount
2003	\$10,278
2004	9,780
Total Principal and Interest	20,058
Less: Interest	(1,487)
Total Principal	\$18,571

Note 13 - Long-Term Obligations

The original issuance amounts for the City's long-term obligations are as follows:

Debt Issue	Original Issue Amount	Year of Maturity
Enterprise Funds:		
<i>Ohio Water Development Authority Loans</i>		
Water Distribution	\$441,086	2017
Lakes Project	2,513,646	2015
Liberty Water	47,158	2017
Sewer Plant	4,267,088	2007
General Long-term Obligations:		
Ohio Public Works Commission Loan	171,897	2019
Justice Center Loan	4,000,000	2019
Street Widening Loan	2,500,000	2020

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

Changes in long-term obligations of the City during 2002 were as follows:

	January 1, 2002	Additions	Deductions	December 1, 2002
Enterprise Fund Obligations:				
<i>Ohio Water Development Authority Loans</i>				
1998 6.36% Water Distribution	\$382,977	\$0	\$0	\$382,977
1996 6.87% Lakes Project	2,113,584	0	60,490	2,053,094
1997 6.36% Liberty Water	40,156	0	839	39,317
1988 8.48% Sewer Plant	2,178,846	0	135,088	2,043,758
<i>Total Ohio Water Development Authority Loans</i>	4,715,563	0	196,417	4,519,146
Capital Leases	114,858	0	42,085	72,773
<i>Total Enterprise Fund Obligations</i>	4,830,421	0	238,502	4,591,919
General Long-term Obligations:				
<i>Loans Payable</i>				
Justice Center 5.41%	3,865,335	0	145,263	3,720,072
Street Widening 5.75%	2,244,984	0	14,592	2,230,392
Ohio Edison 0%	650,000	0	95,000	555,000
<i>Total Loans Payable</i>	6,760,319	0	254,855	6,505,464
Compensated Absences	757,604	0	66,887	690,717
Intergovernmental Payable	147,506	52,534	60,551	139,489
Fire and Police Liability	305,107	0	4,250	300,857
Capital Leases	249,356	0	129,328	120,028
Ohio Public Works Commission Loan 0%	150,411	0	8,596	141,815
<i>Total General Long-term Obligations</i>	8,370,303	52,534	524,467	7,898,370
<i>Total All Types</i>	<u>\$13,200,724</u>	<u>\$52,534</u>	<u>\$762,969</u>	<u>\$12,490,289</u>

The justice center and street widening notes are payable monthly from the debt service fund. Compensated absences and intergovernmental payables reported in the accounts will be paid from the fund from which the employees' salaries are paid. The City pays installments on the police and fire pension liability incurred when the State of Ohio established the statewide pension system for police and firemen in 1967. The liability is paid semi-annually from the Police Pension and Fire Pension special revenue funds. Payment is made from unvoted property tax revenues. Capital leases were paid from various revenues from the general, special revenue, capital projects and enterprise funds. OWDA loans will be paid from water and sewer enterprise fund user service charges. The Ohio Edison loan and OPWC loans payable will be paid with monies from the Capital Improvements capital projects fund.

The City's overall legal debt margin was \$20,075,343 at December 31, 2002. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002, are as follows:

City of Girard, Ohio
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For The Year Ended December 31, 2002

Year	Ohio Water Development Authority	Loans Payable	Fire and Police Pension Liability	Ohio Public Works Commission
2003	\$861,924	\$621,941	\$17,173	\$8,594
2004	861,924	621,941	17,173	8,594
2005	861,924	621,941	17,173	8,594
2006	861,924	621,941	17,173	8,594
2007	570,311	621,941	17,173	8,594
2008-2012	1,393,490	2,714,705	85,865	42,970
2013-2017	802,063	2,634,705	85,865	42,970
2018-2022	19,794	1,243,445	85,865	12,905
2023-2027	0	0	85,865	0
2028-2032	0	0	85,865	0
2033-2035	0	0	51,519	0
Total Principal and Interest	6,233,354	9,702,560	566,709	141,815
Less: Interest	(1,714,208)	(3,197,096)	(265,852)	0
Total Principal	<u>\$4,519,146</u>	<u>\$6,505,464</u>	<u>\$300,857</u>	<u>\$141,815</u>

Note 14 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten to thirty days of vacation per year, depending upon length of service. Earned unused vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee hired before January 1, 1990, can be paid a maximum of 960 hours of accumulated, unused sick leave. Employees hired after January 1, 1990, can be paid a maximum of 650 hours. As of December 31, 2002, the liability for unpaid compensated absences was \$894,698 for the entire City.

Note 15 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer contribution rate for the City was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. Contributions are authorized by State statute. The City's required contributions to OPERS for the years ended December 31, 2002, 2001 and 2000 were \$193,258, \$243,239 and \$167,656 respectively. The full amount has been contributed for 2001 and 2000. 79.55 percent has been contributed for 2002 with the remainder being reported as a liability in the general long-term obligations account group.

City of Girard, Ohio
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B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. For 2001, the City contributions were 12 percent for police and 16.50 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$109,586 and \$144,038 for the year ended December 31, 2002, \$125,611 and \$127,351 for the year ended December 31, 2001 and \$125,354 and \$139,562 for the year ended December 31, 2000. The full amount has been contributed for 2001 and 2000. 82.30 percent and 85.85 percent, respectively, have been contributed for 2002 with the remainder being reported as a liability in the general long-term obligations account group.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2002, the unfunded liability of the City was \$300,857, payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

Note 16 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5.0 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.0 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

City of Girard, Ohio
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The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$113,016. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001, the percent used to fund healthcare was 7.5 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$72,280 for police and \$68,695 for fire. The OP&F's total health care expenses for the year ended December 31, 2001, (the latest information available) were \$122,289,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, (the latest information available) was 13,174 for police and 10,239 for firefighters.

Note 17 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2002, the City contracted with Love Insurance, Inc. for various types of insurance as follows:

Company	Type	Coverage
Love Insurance, Inc.	Commercial Liability	\$1,000,000/\$3,000,000
	Public Officials	1,000,000/3,000,000
	Law Enforcement	1,000,000/3,000,000
	Automobile	1,000,000
	Automobile Physical Damage	646,584
	Real and Personal Property	19,120,770
	Inland Marine	980,181
	Business Electronic Equipment	131,369
	Commercial Crime	10,000
	Bonds - Employees and Officials	10,000

City of Girard, Ohio
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Claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in commercial coverage in any of the past three years.

B. Employee Insurance Benefits

The City has elected to provide medical benefits to its employees through a self insured program. The maintenance of these benefits are accounted for in the Hospitalization Internal Service fund. An excess coverage insurance (stop loss) policy covers annual claims in excess of \$100,000 per individual and \$1,000,000 for the City as a whole. Incurred but not reported claims of \$20,310 have been accrued as a liability based on a review of January, 2003 billings provided by the City Auditor's Office.

The claims liability of \$20,310 reported in the internal service funds at December 31, 2002 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 "Risk Financing Omnibus," which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the funds' claims liability amounts for 2001 and 2002 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2001	\$37,154	\$931,372	\$919,041	\$49,485
2002	49,485	839,676	868,851	20,310

C. Workers' Compensation

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 18 - Segment Information

The City's enterprise funds account for the provision of sewer and water services. The table below reflects, in a summarized format, the more significant data relating to the enterprise funds of the City of Girard as of and for the year ended December 31, 2002:

	Sewer Fund	Water Fund	Total
Operating Revenues	\$1,572,405	\$1,935,161	\$3,507,566
Depreciation Expense	17,191	46,118	63,309
Operating Income	515,784	335,173	850,957
Net Income	405,307	243,287	648,594
Fixed Assets Additions	14,135	3,294	17,429
Net Working Capital	855,836	687,846	1,543,682
Total Assets	12,615,266	3,274,421	15,889,687
Long-term Liabilities	1,985,117	2,550,618	4,535,735
Total Equity	10,461,867	460,103	10,921,970
Encumbrances	28,185	2,854	31,039

City of Girard, Ohio
Notes to the General Purpose Financial Statements
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Note 19 - Jointly Governed Organizations

A. Eastgate Development and Transportation Agency

The Eastgate Development and Transportation Agency (EDATA) is committed to foster cooperative regional efforts in the planning, programming, and implementation of public sector activities. EDATA has forty-eight participating members. These include representatives from Trumbull County, Mahoning County, township trustees, cities and villages. The operation of EDATA is controlled by a general policy board which consists of a representative from each member. Funding comes from each of the members. In 2002, the City contributed \$3,816 to the Eastgate Development and Transportation Agency.

B. Emergency Management Agency

The Emergency Management Agency is a jointly governed organization among the thirty-four subdivisions located within Trumbull County. The eight members of the advisory board are appointed by the thirty-four member subdivisions. The degree of control exercised by any participating government is limited to its representation on the Board. The Agency adopts its own budget, authorizes expenditures and hires and fires its own staff. In 2002, the City contributed \$2,289 to the Emergency Management Agency.

Note 20 - Capital Leases

In prior years, the City entered into capitalized leases for the acquisition of computers and vehicles. The computer lease is accounted for as an expenditure in the general fund with offsetting amounts reported as other financing sources. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the general purpose financial statements for the governmental and enterprise funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group or the enterprise funds in an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group or enterprise funds.

The following schedule is an analysis of equipment leased under capital leases as of December 31, 2002:

	General Fixed Assets	Enterprise
Equipment	\$2,949,946	\$174,620
Less: Accumulated Depreciation	0	(15,000)
Carrying Value	\$2,949,946	\$159,620

City of Girard, Ohio
Notes to the General Purpose Financial Statements
For The Year Ended December 31, 2002

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2002:

Year	General Fixed Assets	Enterprise
2003	\$88,674	\$38,712
2004	39,334	38,712
Total Minimum Lease Payments	128,008	77,424
Less: Amount Representing Interest	(7,980)	(4,651)
Present Value of Minimum Lease	<u>\$120,028</u>	<u>\$72,773</u>

Note 21 - Interfund Transactions

Interfund balances at December 31, 2002, consist of the following interfund receivable and payables:

	Receivable	Payable
<i>General Fund</i>	\$0	\$1,329,445
<i>Capital Projects Funds</i>		
Capital Improvements	1,191,194	0
Municipal Court Computer	138,251	0
<i>Total Capital Projects Funds</i>	<u>\$1,329,445</u>	<u>\$1,329,445</u>

CITY OF GIRARD
TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002

Federal Grantor/ <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant			
Community Housing Improvement Program	A-C-01-127-1	14.228	107,735
Formula Allocation Program	A-F-01-127-1		57,577
Formula Allocation Program	A-F-00-127-1		5,500
Community Distress Program	A-X-01-127-1		5,900
Sub-Total Community Development Block Grant			176,712
HOME Investment Partnership Program	A-C-01-127-2	14.239	166,547
Sub-Total Home Investment Partnership Program			166,547
Total U.S. Department of Housing and Urban Development			343,258
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Health and Human Service:</i>			
Area Agency on Aging		93.044	35,608
Total U.S. Department of Health and Human Services			35,608
Total			\$378,866

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF GIRARD
TRUMBULL COUNTY
FISCAL YEAR ENDED DECEMBER 31, 2002**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B—MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.



**Auditor of State
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Members of Council
City of Girard
100 West Main Street
Girard, Ohio 44420

We have audited the financial statements of the City of Girard (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated June 25, 2003, wherein we noted conditions raising substantial doubt about the City's ability to continue as a going concern. We have also qualified the report due to the lack of evidential matter related to the charges for services revenue in the capital projects fund type for the year ending December 31, 2002. Except as discussed in the proceeding sentence we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 25, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items. The reportable conditions are described in the accompanying schedule of findings as items 2002-005 and 2002-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 2002-005 and 2002-006 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 25, 2003.

This report is intended for the information and use of the management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 25, 2003



Auditor of State Betty Montgomery

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of Council
City of Girard
100 West Main Street
Girard, Ohio 44420

Compliance

We have audited the compliance of the City of Girard with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The City of Girard's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City of Girard's management. Our responsibility is to express an opinion on the City of Girard's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City of Girard's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Girard's compliance with those requirements.

In our opinion, the City of Girard complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as items 2002-007. We also noted instances of noncompliance that do not require inclusion in this report that we have reported to management of the City of Girard in a separate letter dated June 25, 2003.

Internal Control Over Compliance

The management of the City of Girard is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Girard's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, City Council, and federal awarding and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 25, 2003

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

**CITY OF GIRARD
TRUMBULL COUNTY
DECEMBER 31, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA # 14.239-- Home Improvement Partnerships Program (HOME) CFDA # 14.228-- Community Housing Improvement Program (CDBG)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

CITY OF GIRARD
TRUMBULL COUNTY
DECEMBER 31, 2002
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2002-001
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Ohio Rev. Code Section 5705.41 (B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. As of December 31, 2002 the following funds had expenditures in excess of appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Income Tax Fund	3,197,000	3,209,660	(12,660)
Trash Haulers Fund	7,800	8,283	(483)
Recreational Foundation Fund	-	1,650	(1,650)
King Expendable Trust	160	204	(44)

The City Auditor should deny payment requests exceeding appropriations. The city auditor may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Finding Number	2002-002
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Ohio Rev. Code Section 5705.39 states the total appropriation from each fund should not exceed the total estimated revenue. As of December 31, 2002 the following funds were in violation:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Income Tax Fund	3,125,000	3,197,000	(72,000)
Home Health Nursing	5,128	15,434	(10,306)

The City Auditor's Office should monitor appropriations set for the year to help ensure that they do not exceed the total estimated resources available for the year.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

CITY OF GIRARD
TRUMBULL COUNTY
DECEMBER 31, 2002
(Continued)

Finding Number	2002-003
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1. **Section 5705.41(D), Ohio Revised Code**, provides that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides two "exceptions" to the above requirements:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the City Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the City Council.

Certain liabilities, contracts, and open purchase commitments greater than \$1,000 were not certified by the Fiscal Officer and were not encumbered until the time of payment. These commitments were not approved by the City Council within the aforementioned 30 day time period.

For 68% of the expenditures tested, certification was not obtained before the expenditures were incurred and neither of the exceptions above was utilized.

Unless the certification meets one of the two exceptions, the Fiscal Officer should certify funds before the City monies are obligated using a regular, blanket or super blanket certificate (as further permitted by ORC 5705.41 (D)). This certificate should be signed by the Fiscal Officer.

Finding Number	2002-004
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Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund unless it meets one of the exceptions.

Except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members. Transfers from the general fund require a resolution passed by a simple majority of the board members (i.e., a two thirds vote is not required for general fund transfers though a resolution is required). The City failed to have council adopt the required resolutions for all transfers made during the fiscal year ending December 31, 2002.

We recommend the City establish control procedures to provide assurance that requirements established by Ohio Revised Code are adhered to.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505

CITY OF GIRARD
TRUMBULL COUNTY
DECEMBER 31, 2002
(Continued)

Finding Number	2002-005
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Material Weakness- Fixed Asset Listing

The following internal control weaknesses were noted related to the City's fixed asset accounting:

- A. A complete fixed asset listing for the General Fixed Asset Account Group and the Enterprise Fund fixed assets is not maintained by the City. The list used to support the fixed asset balances on the financial statements was compiled during the GAAP conversion process in 1997. The City officials do not maintain a fixed asset list for their reference that states the acquisition cost of each asset, states the location of the assets (buildings, departments, etc.), accounts for annual changes, and accounts for the changes in asset values due to renovations or replacements incurred.
- B. The City does not have a system in place to identify fixed asset purchases and deletions throughout the year.

The above weaknesses can result in inaccurate reporting of fixed assets on the City's financial statements and an inability to manage and monitor the City's fixed assets in an effective manner.

To help ensure the fixed assets are reported accurately:

- A. The City should conduct a complete physical inventory and construct an accurate fixed asset listing. Also, the City should develop policies and procedures for periodically conducting a physical inventory with reconciliation of the inventory to the fixed asset listing.
- B. The City should establish a system in which City departments notify the City Auditor's office of any fixed assets acquired and fixed assets disposed of. The written notifications should be used to make yearly updates to the fixed asset listing maintained by the City Auditor's office.
- C. The City should identify all capitalized fixed assets by assigning inventory tag numbers and including this identification number as part of the fixed asset listing.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505

CITY OF GIRARD
TRUMBULL COUNTY
DECEMBER 31, 2002
(Continued)

Finding Number	2002-006
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Material Weakness- Ambulance Billing Receipts

The City utilizes an independent service organization, J & H Medical Services, to process ambulance run billings, a significant accounting function, on behalf of the City. The following control weaknesses were noted in the ambulance billing and collection cycle of the City:

- A. J & H Medical Services provides monthly reports to the City for its review. The reports list all billings processed on behalf of the City. These reports are not being utilized by the City personnel to monitor whether ambulance runs are being properly billed and collected.
- B. The City has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that ambulance billings have not been completely and accurately processed in accordance to the established contract between the City and J & H Medical Services.

The above weaknesses can result in incomplete collection of ambulance receipts and untimely recognition of ambulance billing collections by the City.

To help ensure that ambulance receipts are accurately reported, we recommend the following:

- A. The City should establish procedures with J & H Medical Services to ensure that receipts are recorded and deposited by the City the same date as received (or within one business day). One option the City could consider is to send J & H Medical Services documentation of the collections to be used to update J & H Medical Service's records. A second option is to have J & H Medical Services collect all the receipts directly and update their records. J & H Medical Services could either deposit the receipts directly into the City's bank account or forward a payment for the total amount collected to the City for deposit.
- B. The City should implement procedures to reasonably assure the completeness and accuracy of ambulance billings processed by its third-party administrator, J & H Medical Services. The city should select a sample of ambulance runs from the EMS department, and compare them to reports J & H Medical Services submits to the City, to help determine that all ambulance runs have been billed.

The City should specify in their contract with the third-party administrator that an annual Tier II SAS 70 audit report be preformed. The City should be provided a copy of the SAS 70 report timely and should review the report's content. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State.

If the third-party administrator refuses to provide the City with a Tier II SAS 70 report, the City should contract with a third-party administrator that will provide such a report.

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505**

**CITY OF GIRARD
TRUMBULL COUNTY
DECEMBER 31, 2002
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

1. Project Request Procedures

Finding Number	2002-007
CFDA Title and Number	Home Improvement Partnerships Program (HOME) CFDA # 14.239 Community Housing Improvement Program (CDBG) CFDA #14.228
Federal Award Number / Year	A-C-01-127-2, August 1, 2000 to September 30, 2003 A-C-01-127-1, August 1, 2000 to September 30, 2003 A-F-01-127-1, September 1, 2001 to February28, 2003 A-X-01-127-1, May 1, 2002 to June 30, 2004
Federal Agency	Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Finding

The **Office of Housing and Community Partnerships (OHCP) Financial Management Rules and Regulations Handbook Section (A)(3)(f)** states that grantees must develop a cash management system to ensure that disbursement of requested funds are made within 15 days. The 15 day rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt of grant funds. Lump sum draw down requests are not permitted.

The City of Girard did not request HOME and CDBG receipts in 2002 based on actual expenditures to be paid within 15 days of the collection of the requested funds. Below is a schedule of the 2002 draw downs requests, the associated expenditures within 15 days, and the remaining balance of each draw down.

Draw Down Date	Amount Received	Amount Expended within 15 days	Balance
03/28/2002	\$4,900	\$0	\$4,900
06/28/2002	7,399	0	7,399
06/28/2002	1,353	0	1,353
10/31/2002	93,818	43,458	50,360

The preceding table demonstrates that the City requested lump sum draw downs on various dates throughout 2002 and maintained excessive cash balances contrary to the requirements outlined above.

The City Auditor and CT Consultants (Administrator of the City's CDBG and CHIP program activities), should develop policies and procedures to ensure that the City complies with this requirement. These procedures should ensure that draw down requests are only filed for the exact amount needed for approved HOME expenditures and that checks are issued to the appropriate parties within 15 days of the collection of the requested funds.

**CITY OF GIRARD
TRUMBULL COUNTY
JANUARY 1, 2002 THROUGH DECEMBER 31, 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 §.315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <u>Explain:</u>
2001-21178-001	<u>Actual Expenditures Exceed Appropriations:</u> Ohio Rev Code, Section 5705.41 (B), states no money shall be expended unless it has been appropriated.	No	This finding was reissued as finding # 2002-001.
2001-21178-002	<u>Appropriations Exceeded Total Estimated Revenues</u> Ohio Rev Code Section 5705.39, States the total appropriations from each fund should not exceed the total estimated revenue.	Yes	
2000-21178-003	<u>Proper Certification:</u> Ohio Rev Code Section 5705.41 (D), states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached.	No	This finding was reissued as finding #20012-003
2001-21178-004	<u>Negative Fund Balances:</u> Ohio Rev Code Section 5705.10 , states money paid into a fund must be used only for the purpose for which such funds has been established.	Yes	
2001-21178-005	The City defaulted on two loan payments with OWDA.	Yes	
2000-21178-006	The City failed to have a complete fixed asset listing for the General Fixed Asset Account Group and the Enterprise Fund In addition the City does not have a system to identify fixed asset purchases and deletions, nor do they have an inventory identification system.	No	This finding was re-issued as finding 2002-005.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-21178-007	The City's service organization utilized for the billing of ambulance billing failed to have a SAS -70 report. In addition the City had no controls to reduce the risk of misstatement in regards to the billing and collecting fees for the use of the City's ambulance service.	No	This finding was re-issued as finding 2002-006
2000-21178-008	<p><u>The City failed to expend Home Improvement Partnership Program funds within 15 days of receipt.</u></p> <p><u>The Office of Housing and Community Partnerships (OHCP) Financial Management Rules and Regulations Handbook Section (A)(3)(f) requires</u> grantees to develop a cash management system to ensure that disbursements of requested funds are made within 15 days.</p>	No	This finding was re-issued as finding 2002-007.



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF GIRARD

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 22, 2003**